GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:341
ANSWERED ON:26.04.2007
ENTRY NORMS FOR PRIVATE AIRLINES
Adhalrao Patil Shri Shivaji;Singh Shri Sugrib

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government has made entry norms tougher for the private airlines;

(b) if so, the details thereof and the reasons therefor; and

(c) its likely impact on the aviation industry?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a),(b) and (c):- A Statement is laid on the table of the Sabha.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN REPLY TO STARRED QUESTION NO. 341 DATED 26.4.2007 REGARDING ENTRY NORMS FOR PRIVATE AIRLINES.

(a)and (b):- Since Civil Aviation is a capital intensive industry requiring maintenance of high technical & safety standards, it needs to be ensured that only financially sound companies operate scheduled airline services. The Government has, accordingly, decided to revise the minimum equity requirements for issue of `No Objection Certificate` (NOC)for scheduled air transport operations.

For Airlines operating aircraft with take off mass exceeding 40,000 Kgs., the equity requirement has been raised to Rs. 50 crores from Rs. 30 crores for 5 aircraft. For each addition of up to five aircraft, additional equity investment of Rs. 20 crores will be required. As for Airlines operating aircraft with take off mass not exceeding 40,000 Kgs the equity requirement has been raised to Rs. 20 crores from Rs. 10 crores for 5 aircraft. For each addition of up to five aircraft, additional equity investment of Rs. 10 crores will be required.

There would be no need for insisting on further enhancement o f equity once paid up equity and reserves of Rs.100 crores are available with the airline.

(c):- Existing private Scheduled airlines will have to ensure that their minimum equity/net worth requirements comply with the revised criteria within a period of one year. This will further ensure that only companies having financial strength and sound business plans enter the scheduled air transport sector.